

Message Text

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USOECD

E.O. 11652: N/A
TAGS: OECD, ECON, GW
SUBJECT: ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE:
SECOND DRAFT SURVEY OF GERMANY

REF: EDR(78)10 (1ST REVISION); PARIS 14194

1. REFDOC WAS CIRCULATED LATE JUNE 16 (RECEIVED USOECD JUNE 19) FOR CONSIDERATION BY EDRC DURING EXAMINATION OF JAPAN ON JUNE 19. CURSORY EXAMINATION COMPELLED U.S. DEL TO RESERVE HIS POSITION DUE TO GLARING SUBSTANTIVE AND PRESENTATION PROBLEMS. DURING EDRC MEETING, U.S. DEL CITED TWO AREAS OF DIFFICULTY BASED ON INITIAL READING OF REVISED SURVEY, ASKING THAT FORMAL CONSIDERATION BE POSTPONED UNTIL NEXT EDRC EXAMINATION (JUNE 28, U.S.). UK AND DUTCH DELS ALSO VOICED PROBLEMS WITH REDRAFT. CHAIRMAN AGREED TO POSTPONEMENT AND ASKED THAT DELEGATIONS SUBMIT COMMENTS IN WRITING TO SECRETARIAT BY COB JUNE 22.

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2. WE HAVE NOW CAREFULLY REVIEWED SECOND DRAFT AND OUR INITIAL NEGATIVE REACTION WAS CONFIRMED. NUMEROUS DRAFTING CHANGES IN PARTS I AND II (ECONOMIC DEVELOPMENT IN 1977, ECONOMIC POLICY) HAVE DISTORTED PRESENTATION TO SUCH AN EXTENT THAT MONETARY INSTABILITY AND DOLLAR WEAKNESS, ALONG WITH ADMINISTRATIVE PROBLEMS (JUDICIAL DELAYS IN INVESTMENT PROGRAM, MISCALCULATION OF TAX REVENUES)

BEAR THE BURDEN FOR POOR PERFORMANCE OF GERMAN ECONOMY IN 1977. WE BELIEVE MORE BALANCED ANALYSIS AND DESCRIPTION OF GERMAN 1977 OUTCOME IS NECESSARY, GIVEN RELATIVELY MILD CONCLUSIONS AND RECOMMENDATIONS FOR GERMAN POLICY ACTION. WE HAVE DRAWN UP DETAILED SET OF DRAFTING AND SUBSTANTIVE RECOMMENDATIONS WHICH HAVE BEEN FORWARDED TO SECRETARIAT (WITH COPY TO GERMAN PERMANENT DELEGATION) AFTER DISCUSSIONS WITH SECRETARIAT WORKING LEVEL. OUR SUGGESTIONS DRAW SUBSTANTIALLY ON APPROACH CONTAINED IN OECD MINISTERIAL COMMUNIQUE.

3. SOME BACKGROUND MAY BE APPROPRIATE TO PUT THIS QUESTION IN PERSPECTIVE. EDRC EXAMINATION PROCESS IS ESSENTIALLY TECHNICAL REVIEW OF SECRETARIAT DRAFT SURVEY TO INSURE ACCURACY AND CONSISTENCY WITH OECD AGREED POLICY LINE AS SET OUT BY COUNCIL AT MINISTERIAL LEVEL, EPC, ETC. GERMAN REVIEW WAS HELD ON APRIL 26 AND ALL COMMITTEE MEMBERS (EXCEPT JAPAN AND SWITZERLAND) URGED THAT CONCLUSIONS/RECOMMENDATIONS BE STRENGTHENED, BUT COMMENTED POSITIVELY ON THE BALANCED NATURE OF THE DOCUMENT. PROTRACTED EXAMINATION BY GERMAN AUTHORITIES LED TO DELAY OF SOME SEVEN WEEKS BEFORE REVISED DRAFT PRESENTED TO EDRC. DELAY IN APPROVAL HAS ALREADY MADE ANALYSIS SOMEWHAT DATED. WE INTEND TO URGE SECRETARIAT TO MAKE ALL NECESSARY EFFORTS TO ARRIVE AT ACCEPTABLE REDRAFT WHICH CAN BE APPROVED JUNE 28 AND BE IMMEDIATELY PUBLISHED.

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